

State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

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For General Correspondence of SITUA CC. Beth Daton

Jon M. Huntsman, Jr. Governor Kevin S. Carter Director

February 7, 2006

Daron Haddock Division of Oil Gas and Mining Department of Natural Resources 1594 West North Temple Salt Lake City, Utah 84114

Re: SITLA Reclamation Bond Transfer

Dear Mr. Haddock:

Enclosed for your files are copies of the certified letters that have been sent to Lessee's of SITLA land for whom SITLA holds a surety for reclamation. Some of these Lessees are not listed on your original list of bonds held by SITLA that was generated from your data base. Some of the Lessees have been sent multiple letters for the same DOGM permit but for different forms of bonding. Other Lessees have been sent a single letter that includes multiple SITLA leases but are included under one DOGM permit. There a number of bonds that have complicated histories as they were transferred from one leasehold to another or they were submitted by individuals who are not the lessee of record. In any event I am certain there will be some questions concerning dedication of bonds to specific projects.

I will give the recipients a few weeks to reply and then I will proceed with investigating the mechanism for transfer of the certificates of deposits. Cash bonds will be transferred via interagency transfer of funds. Surety bonds will require a rider identifying DOGM as the recipient of the bond.

Thanks for your help. Please contact me at 538-5153 if you have any questions.

Sincerely

William M. Stokes

Mineral Resource Specialist